

**IN THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA**

In re:) Chapter 11
)
GMX RESOURCES INC., *et al.*,) Case No. 13-11456 (SAH)
)
Debtors.) Jointly Administered
)
)
_____)

**THIRD QUARTERLY REPORT OF THE GMX RESOURCES CREDITOR TRUST
FOR THE PERIOD AUGUST 1, 2014 THROUGH OCTOBER 31, 2014**

Attached hereto, pursuant to section 9.1(a) of the GMX Resources Creditor Trust Agreement, is the third quarterly report of operations (the "Report") of the GMX Resources Creditor Trust.

The Report is also available at www.emeraldcapitaladvisors.com, the website maintained by the trustee of the Creditor Trust.

Respectfully submitted this 17th day of November, 2014.

GRAY REED & MCGRAW, P.C.

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**ATTORNEYS FOR JOHN P. MADDEN, TRUSTEE OF
THE GMX RESOURCES CREDITOR TRUST**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 17th day of November, 2014, he caused a true and correct copy of the foregoing document to be served via the Court's CM-ECF notification system upon the parties that have so-subscribed.

/s/ Jason S. Brookner

Jason S. Brookner

November 2014

GMX Creditor Trust

THIRD QUARTER OPERATING REPORT (AUGUST 1, 2014 – OCTOBER 31, 2014)



Introduction

CREDITOR TRUST OVERVIEW

- On February 3, 2014 the Debtors' First Amended Joint Plan of Reorganization became effective, creating the GMX Resources Creditor Trust.
- Upon the plan's effective date, John P. Madden, Senior Managing Director of Emerald Capital Advisors ("Emerald") became the Creditor Trustee.
- Per the Trust Agreement, the Trustee is required to file quarterly reports.
 - This report is the third Quarterly report covering the period August 1st 2014 through October 31st 2014.
 - In this report, the activities of the Trust are reviewed and summarized, including an accounting of cash to date as well as the near term expected action/work plan.

NEAR TERM ACTION ITEMS (NOVEMBER 1, 2014 – JANUARY 31, 2015)

- Maintain the books & records for the Trust, including the prompt filing of all necessary tax related documents;
- Continue to negotiate with parties in receipt of preference payments;
- Continue to analyze the remaining 15 potentially objectionable claims and file claim objections with respect to the same, as may be appropriate;
- Initiate litigation with recipients of unsettled preference payments, and with recipients of preferred dividends;
- Prosecute the pending two omnibus objections to claims to minimize the unsecured claims pool;
- Continue to prosecute the D&O litigation; and
- Make interim distributions if appropriate, based on collections and claims resolutions.

Third Quarter Trust Activities

OPERATING ACTIVITIES (AUGUST 1, 2014 – OCTOBER 31, 2014)

- A formal Directors and Officers (“D&O”) complaint was filed in Oklahoma state court on August 19, 2014, asserting claims against certain former directors and officers for various breaches of fiduciary duty.
 - The Defendants filed a motion to dismiss, to which the Trust responded on November 4, 2014.
 - The Defendants’ reply brief is due on or about November 28, 2014, and we expect a ruling on the motion to dismiss in early 2015. After that ruling, assuming that the motion is denied in whole or in part, discovery deadlines and trial will be scheduled.
- Emerald completed its review of the claims universe, and its analysis has led to a reduction of the total claims pool by more than \$21.2 million to date.
 - The deadline for objecting to claims was October 31, 2014. On that date, two omnibus objections were filed, objecting to 95 claims (not including claims that were objected to on more than one ground) aggregating approximately \$305 million. The majority of these claims (in amount) were filed as “secured” and the Trust has sought to expunge such claims in their entirety, to keep them out of the unsecured claims pool.
 - The Trustee has sought a 30 day extension to object to an additional 15 unsecured claims totaling in excess of \$46 million.
- The Depository Trust Company (“DTC”) provided Emerald with the names of all brokers who had clients/customers who held shares of GMX preferred stock during 2012. Letters were sent to these brokers and subpoenas were issued as necessary, requesting relevant beneficial holder information (that is, names and holdings for those who received dividend payments during the relevant periods). Emerald will issue demand letters to the ultimate recipients of these payments upon the conclusion of its information gathering efforts.
 - To date, Emerald has received holdings information from the majority brokerages, listing thousands of names. We are expecting additional holdings information in the near term from the remaining brokerages.
 - Emerald will issue demand letters to the ultimate recipients of these payments, and expects to file any necessary avoidance actions no later than April 1, 2015, the second anniversary of the bankruptcy filings.
- Since the beginning of the third Quarter, Emerald has continued to negotiate with recipients of preferential payments.
 - Settlements totaling an additional \$35,000 to be returned to the Trust are currently pending.
 - Emerald is currently undertaking a more detailed analysis of the remaining unsettled preference payments and upon completion of the analysis plans to file complaints against certain counterparties.

OPERATING SUMMARY

	Operating Account	Claims Reserve	Total
Cash Balance as of 8/1/14	\$390,131	\$521,909	\$912,040
Interest Earned	223	--	223
Total	\$390,354	\$521,909	\$912,263
Professional Fees			
Payments to Trustee	(\$26,852)	\$ --	(\$26,852)
Payments to Counsel	(8,995)	--	(8,995)
Total Professional Fees	(\$35,847)	\$ --	(\$35,847)
Adjustments			
Claims Reserve	\$71,404	(\$71,404)	\$ --
Total Cash Balance as of 10/31/14	\$425,911	\$450,505	\$876,416

CLAIMS POOL AND CLAIMS RESERVE

Claims Pool as of 8/1/14	\$201,348,699
(-) Withdrawn and settled claims ⁽¹⁾	(12,564,278)
Adjusted Claims Pool as of 10/31/14	\$188,784,421
(-) Allowed Claims for Purposes of Initial Distribution ⁽²⁾	(109,946,050)
Remaining Claims	\$78,838,371
Initial Distribution Percentage	0.571%
Required Claims Reserve as of 10/31/14	\$450,505
** Pending Settlements ⁽³⁾	\$701,087
** Pending Objections ⁽⁴⁾	\$11,605,423

Notes:

(1) Represents claims that the Trustee is no longer obligated to reserve for because they have been settled or withdrawn

(2) The only allowed claims to date are the noteholder claims

(3) The trustee has negotiated settlements that will further reduce the claims pool by approximately \$700,000

(4) The trustee has filed objections that may reduce the claims pool by an additional \$11.6 million (approximately)